

ABITIBI POWER AND PAPER COMPANY LIMITED

TWELFTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDING DECEMBER 31, 1925

To the Shareholders of the

Abitibi Power & Paper Company, Limited.

Your Directors herewith submit their report for the fiscal year ending December 31, 1925.

Operations for the year produced net earnings of \$4,240,337.24, before providing for interest, income tax and reserves. Net profits, after all charges and reserves, were \$2,869,916.50, out of which \$70,000 was paid in Preferred Stock Dividends and \$1,000,000 in Common Stock Dividends. Surplus for the year was \$1,799,916.50, and the total earned surplus at December 31, 1925, after usual current reserves as shown in the attached statement and after transferring from surplus account to depreciation reserve an additional amount of \$1,521,461.12, was \$6,984,105.98.

Fixed assets were increased by the expenditure of \$1,004,003.13 on the Company's Mills, Railroad, Townsite and new Power Plant. \$688,300. of the Company's bonds were paid and cancelled. Current payables were reduced to the lowest practicable point, and total surplus and reserves were increased \$2,430,296.11.

Production was increased an average of 12.3 tons per day over the performance in 1924 and an average of 37 tons per day over the performance of the same machines in 1923, a showing which reflects credit on the efficiency of the Company's manufacturing organization.

On behalf of the Board of Directors,

ALEXANDER SMITH,

President.

Montreal, March 1, 1926.

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BALANCE SHEET

ASSETS

CURRENT ASSETS:

Inventories at Cost:

Logs and Expenditures on 1925-1926 Season's Logging Operations.....	\$1,077,551.36	
Paper, Pulp, Material and Supplies.....	603,753.31	
	<u>\$1,681,304.67</u>	
Accounts Receivable.....	1,319,406.82	
Cash on Hand and on Deposit.....	1,623,953.50	
		<u>\$4,624,664.99</u>

FIXED ASSETS:

Lands, Water Powers and Timber Limits.....	\$ 7,749,941.23	
Pulp and Paper Mills.....	17,998,383.03	
Office Fixtures.....	31,148.18	
		<u>25,779,472.44</u>

INVESTMENTS IN AND ADVANCES TO ASSOCIATED COMPANIES:

Capital Stock—Iroquois Falls Merchandising Company Limited.....	\$ 10,000.00	
Capital Stock — Abitibi Lands & Forests Limited.....	\$50,000.00	
Advances to — Abitibi Lands & Forests Limited.....	983,548.33	
		<u>1,033,548.33</u>
Capital Stock — Abitibi Transportation & Navigation Company Limited.....	\$423,400.00	
Advances to — Abitibi Transportation & Navigation Company Limited.....	1,070,429.49	
		<u>1,493,829.49</u>
Capital Stock — Abitibi Electric Development Company Limited.....	100,000.00	
		<u>2,637,377.82</u>
		<u>28,416,850.26</u>

OTHER ASSETS:

Insurance and other Expenses Prepaid.....	47,899.97	
		<u>\$33,089,415.22</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the Books and Accounts of the Abitibi Power & Paper Company Limited for the year ending December 31, 1925, and have obtained all the information and explanations which we have required; and we certify that, in our opinion, the above Balance Sheet at December 31, 1925, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

Montreal, February 24, 1926.

PRICE, WATERHOUSE & COMPANY,
Auditors.

per Company Limited

DECEMBER 31, 1925

LIABILITIES

CURRENT LIABILITIES:

Current Accounts Payable.....	\$565,283.51	
Liabilities for Construction Material and Material in Transit	163,352.42	
Fixed Charges Accrued.....	249,788.17	
Wages Accrued.....	55,100.31	
		<u>\$1,033,524.41</u>

DIVIDENDS DECLARED:

Payable January 1926.....	267,500.00
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PROVISION FOR INCOME TAXES.....	221,348.34
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FUNDED INDEBTEDNESS:

Consolidated Mortgage 8% Gold Bonds:	
Issued—Maturing March 15, 1931.....	\$4,500,000.00
Less—Redeemed.....	1,159,900.00
	<u>\$3,340,100.00</u>
Reserved for Refunding	
Underlying Bonds.....	\$6,293,500.00
For Additional Working	
Capital.....	1,684,500.00
	<u>\$7,978,000.00</u>

First Mortgage 6% Serial Gold Bonds:	
Authorized.....	\$5,000,000.00
Less—Redeemed and Cancelled to date.	2,353,500.00
	<u>2,646,500.00</u>

General Mortgage 6% Gold Bonds:	
Issued—Maturing January 2, 1940	\$4,000,000.00
Less—Redeemed.....	353,000.00
	<u>3,647,000.00</u>

9,633,600.00

RESERVES:

For Depreciation and Exhaustion.....	\$8,752,915.48
For Doubtful Accounts.....	15,236.73
For Inventories.....	181,184.28
	<u>8,949,336.49</u>

SURPLUS AND UNDIVIDED PROFITS:

As per detailed Surplus Account.....	6,984,105.98
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CAPITAL:

Seven Per Cent Cumulative Preferred Stock—Authorized and Issued—10,000 Shares of \$100.00 each.....	1,000,000.00
Common Stock—Authorized and Issued—250,000 Shares of no par value.....	5,000,000.00

\$33,089,415.22

CONTINGENT LIABILITIES:

Bonds and other obligations of the Abitibi Electric Development Company Limited, Abitibi Lands & Forests Limited and the Abitibi Transportation & Navigation Company Limited, guaranteed by the Company to the extent of.....	<u>\$2,470,956.13</u>
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Approved on behalf of the Board,

L. R. WILSON,
Director.

VICTOR E. MITCHELL,
Director.

ABITIBI POWER AND PAPER COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1925.

Sales.....	\$10,364,677.20
Cost of Sales, exclusive of Depreciation, but including General and Administration Expense.....	6,124,339.96
Profit before Allowances for Depreciation, Interest and Income Taxes...	\$ 4,240,337.24
Provision for Depreciation and Exhaustion.....	539,000.26
Profit before Allowances for Interest and Income Taxes.....	\$ 3,701,336.98
Interest on Funded Debt, less Interest Received.....	611,420.48
Profit before Income Taxes.....	\$ 3,089,916.50
Appropriation for Income Taxes.....	220,000.00
Net Profit.....	<u>\$ 2,869,916.50</u>

SURPLUS ACCOUNT

Net Profit as above.....	\$ 2,869,916.50
DEDUCT:	
Dividends on:	
Preferred Stock.....	\$ 70,000.00
Common Stock.....	1,000,000.00
	<u>1,070,000.00</u>
	\$ 1,799,916.50
Surplus as at December 31, 1924.....	6,705,650.60
	<u>\$ 8,505,567.10</u>
Transferred to Depreciation Reserve.....	1,521,461.12
Surplus as per Balance Sheet.....	<u>\$ 6,984,105.98</u>